

---

Dissertation Awards

---

1-1-2002

**Compromise, Confrontation, and Coercion: Formal and Informal  
Dispute Resolution in Cooperative and Hierarchical Worksites:  
Dissertation Summary**

Elizabeth A. Hoffmann  
*University of Wisconsin-Madison*

Follow this and additional works at: [https://research.upjohn.org/dissertation\\_awards](https://research.upjohn.org/dissertation_awards)

---

# **Compromise, Confrontation, and Coercion: Formal and Informal Dispute Resolution in Cooperative and Hierarchical Worksites**

Elizabeth A. Hoffmann

People confront problems and choose means to address those problems as part of their everyday lives. Often, the way in which these problems are resolved reflects the power of the parties involved in the dispute (“disputants”). Research on dispute resolution has demonstrated that unequal distribution of power is, in fact, a key factor in determining how disputes are resolved. Power imbalances can range from structural inequities between employer and employees (Edelman, Erlanger, and Lande 1993), to societal effects of gender interactions (Grillo 1991), to unequal levels of access to information and strategic positioning (Galanter 1974). While dispute resolution has been studied in numerous situations, few studies have investigated how disputes are resolved within organizations that attempt to minimize power imbalances by flattening their structures and evenly distributing their ownership. I accomplished this by comparing dispute resolution strategies at conventional organizations and shared-power organizations (i.e., worker cooperatives). Worker cooperatives are businesses that are managed and owned by their workers, and they exist to provide employment to their member-employees. Because they offer instructive insights into the relationship between power and dispute resolution, worker cooperatives are the primary focus of my research.

Extant research suggests that organizational structure, ownership, and ideology greatly affect how employees address their problems at work (i.e., their grievance behavior). Because this project draws on various bodies of literature, it addresses several predictions on dispute resolution in worker cooperatives. Sociology of Gender literature emphasizes that successful dispute resolution is not guaranteed, especially for women and other less-powerful groups, and that organizational innovations that benefit some workers, such as an emphasis on the organization as a whole over a focus on individuals, might disproportionately harm women (e.g., Gwartzney-Gibbs and Lach 1994). The Organizations literature

cautions that worker cooperatives might not be a viable alternative to the conventional, hierarchical business. Moreover, these worker cooperatives may be less efficient and less likely to succeed as organizations. If these businesses do struggle into existence and succeed, however, their workers might enjoy such benefits as greater respect and recognition and less labor-management conflict (e.g., Hochner, Granrose, Goode, Simon, and Appelbaum 1988). The Dispute Resolution literature asserts that greater trust and shared goals facilitate easier and more successful dispute resolution; one might imagine that increased trust and shared goals will be more common in worker cooperatives, where inclusion, equality, and worker participation are officially encouraged (e.g., Tjosvold, Morishima, and Belsheim 1999). The literature on worker cooperatives suggests that evenly distributed formal power and greater worker participation should produce workers—including women and other disempowered groups—who are able to assert their needs and raise necessary grievances, but cautions that the continued presence of informal power might prevent some grievances from being voiced at all.

Thus, cooperative businesses present a stark contrast to conventionally organized businesses in that the cooperatives attempt to evenly distribute power, encourage worker control through egalitarian ideologies and flattened management structure, and engage in concerted efforts to minimize power imbalances.<sup>1</sup> Unlike the producer cooperatives that are scattered across the farmlands of the Midwest, in worker cooperatives, “all the facilities, materials, supplies, equipment, etc., are equally owned collectively by the members. The goods and services are seen as being provided by the co-op, not by individual members” (Honigsberg, Kamoroff, and Beatty 1982, p. 32).

I focused on worker cooperatives, rather than producer, housing, or consumer cooperatives,<sup>2</sup> because this type of cooperative business offers the most interesting glimpse into the relationship between dispute resolution and power dynamics. Grievance resolution and the power around it are most complex at worker cooperatives because workplaces generally have greater power inequalities than agricultural, housing, and consumer organizations. More so than where one lives or where one shops, workplaces operate within a hierarchy of power. Additionally, workplaces, as the most complicated type of organization in which to experiment with evenly dispersed power, are an abundant source of sociolegal issues. Workplaces involve issues of rights, interdependencies, and internal and external pressures

which provide opportunities for particularly rich research on workplace dispute resolution.

Furthermore, the organizational power imbalances readily accepted at workplaces are not as entrenched and pervasive in other institutions, which, instead, often actively work to mitigate power imbalances. For example, non-cooperative (conventional) stores try to be responsive to customer needs and solicit consumer input. Similarly, non-cooperative housing might try to give residents a voice in the management of their building. Such involvement of consumers and residents is not considered radical or even unusual; indeed, such efforts for inclusion are considered good business practices and are incorporated by very mainstream, conventional businesses.

Workplaces operate under the belief that the best organization is hierarchical and with great deference to power differences, however, even to the point of emphasizing power inequalities. Through differences in titles, responsibilities, privileges, and pay, employees are allocated different statuses with varying amounts of power. Some argue that hierarchical differences in status are at the core of many businesses' organization. Thus, the differences between consumer cooperatives and conventional stores, and housing cooperatives and other group living situations, are minimal compared to the potentially vast differences between worker cooperatives and conventional businesses.

A few researchers have begun to explore grievance resolution in worker cooperative businesses (e.g., Henry 1983; Tucker 1999). While some of these researchers assume that such organizations exhibit unique grievance behavior, one cannot infer that flattened hierarchies and professed egalitarian ideologies eliminate the impact of power on disputing, mainly due to the distribution of power within them. As Kleinman argues, power in these cooperatives includes official components as well as unofficial power (1996). Therefore, research in this area must examine grievances with dual foci on official as well as unofficial power. Official power refers to power derived from explicitly stated rights or entitlements, such as the right to formal grievance procedures or democratic participation as outlined in an organization's charter or an employment contract. Unofficial power is power derived from more informal sources, such as sex, race, or tenure in an organization, and is often not explicitly acknowledged. The official power distribution in a cooperative organization may be more equalized, but the unofficial power may or may not be equally dispersed. Unofficial power might not only contravene the official rules and ideology, but may, in fact, contradict the explicit goals of the

organization. Some researchers (e.g., Kanter 1982) assert that unofficial power might be more critical in cooperative contexts than in conventional workplaces.

## RESEARCH METHODS

Using a qualitative comparative case method, I investigated the relationship between formal and informal grievance processing and official and unofficial power. I defined formal grievances as any disputes resolved through explicit procedures, specifically designated by the organization for the resolution of disputes. These grievances can be between workers, between workers and management, or between workers and the organization itself. Informal grievances are similar types of disputes, but are resolved through negotiation or informal mediation without invoking any formalized dispute resolution procedures. I compared interviews with 177 workers from eight worksites in four industries—coal mining, taxicab driving, wholefoods distribution, and homecare. In each industry, I studied a matched set of one worker cooperative and one conventional business. These matched organizations are similar in size, industry gender proportions, gender and race proportions within the businesses, and gender of managers. Within each matched set, I compared and contrasted the grievance behavior of the worker cooperative and that of the conventionally managed, hierarchical business.

Additionally, this dissertation focused on two types of power: official power and unofficial power. Official power is explicit and is formally part of the organization's rules. It is derived from explicitly stated rights or entitlements and is often formally written down. Official power is a characteristic of an organization or an industry; therefore, for a given category of workers within a business—or all workers in smaller businesses such as those studied in this project—official power will be uniform. In some businesses, this official power was uniformly low; at others it was uniformly high. Interviewees' official power was consistently equal with the co-workers' within their organization because I focused on rank-and-file workers' grievance strategies, as opposed to including owners' responses. I examined official power by comparing the explicitly stated rights and entitlements within the worker cooperatives and conventionally organized businesses, inquiring to ensure that the explicitly stated official power was, in fact, realized. For example, any members could be elected to worker-management positions, so I asked if there were any bars to being elected, such as certain jobs' hours being viewed as incompatible with

management meetings. I did not find any inconsistencies with regard to official power.

I identified unofficial power through interviewees' reports of power derived from informal sources. I defined unofficial power as power that does not come from an organization's rules, but from workers' statuses outside and inside the organization. Unofficial power is not part of the organizational structure in that it exists independently of personnel. Workers with unofficial power had greater access to organizational information, held more institutional knowledge, maintained strong informal networks, and enjoyed greater access to worker-managers or board members. Through unofficial power, workers could mobilize organizational responses to their disputes through informal means.

Unofficial power has both individual and organizational components. While I am interested in the culture of power and disputing at the organizational level, I measured this at the individual level because disputes—my focus—are individual phenomena. However, the organizational level of analysis is not simply an aggregate of the power of the individual workers, but is part of the organizational structure and culture. Since individuals' amounts of power were affected by the organization's structure and culture, the individuals' dispute resolution styles came out of that organizational culture. Thus, I examined power at both the individual level and the organizational level, specifically, individual-level power endowments and organizational power structures. In this way, the actual dispute strategies, the focus of this project, were caused by individual-level power, but this relationship cannot be understood without also studying the organizational structure.

Power is often conceptualized as a relational attribute, rather than as a characteristic of organizations or individuals. Emerson (1962), for example, views power as relational, in that he understood power "not as a characteristic of individuals but rather as a property of a social relation" (Scott 1992, p. 302). He asserts that power can only be understood in the context of a relation with another; power is meaningless unless it is power *over* another, e.g., A's power over B makes B do what B otherwise would not. While I agree with this understanding of power, in this particular study, the relational aspect of power is less important. This is so because the relations examined in this project are the same: I focused on only the relation of workers trying to mobilize the behavior of the organization to address their disputes. In other words, power is relational, but I studied only one relation. Thus, while amounts of unofficial power varied across individuals and

organizations, I focused on only one type of relationship within which power occasionally varied.

## SUMMARY OF RESULTS

The ideological and practical struggles around the issue of power have made cooperatives ideal sites for this research. The worker cooperatives in this study achieved various levels of equality in the day-to-day workings of their businesses. Some allowed certain formal hierarchies of official power since their creation, such as the management structures that are mandatory in the coal industry; others succumbed over time to allow certain groups to retain greater unofficial power, such as the subsets of workers at wholefoods cooperatives who had more unofficial power than their co-workers. This dissertation does not specifically address the degree of success or failure that each worker cooperative achieved, nor does it critique the level of equality initially intended or eventually achieved by each cooperative. Rather, I explored how official and unofficial power affect dispute resolution strategies with specific focus on gender differences in grievance behavior. I made comparisons between cooperatives and conventional businesses and among industries with various gender compositions to draw out the intricate relationships between power, structure, culture, and grievance resolution.

I show that the effect of unofficial power on grievance resolution may be more substantial than that of official power, creating unintended workplace cultures not immediately evident from organizations' formal regulations and rules. This is true both for worker cooperatives, where the professed goal was equality, as well as for conventional businesses with hierarchies of unequal amounts of workplace power. I analyzed cooperatives that had deliberately structured themselves to equalize *official* power, yet had subsets of their workforce with far more *unofficial* power than other co-workers. For example, all members of the taxicab worker cooperative were officially equal, but men at the cooperative possessed greater unofficial power than women.

This does not mean that unofficial and official power were always in conflict. I also examined cooperatives with officially egalitarian ideologies and flattened structures intended to evenly distribute power, where members did, in fact, have a high level of equality, sharing official and unofficial power. For example, members of the cooperative coal mine had high levels of both official and unofficial power; they had extensive official rights and they exercised unofficial power regularly. Similarly, I included hierarchical businesses that made no attempt to create

equal, shared power, and whose employees, indeed, had little official or unofficial power, such as the conventionally-organized wholefoods distribution company.

The first portion of my research demonstrates how official power and unofficial power affect grievance behavior. Here, I argue that workers with official power but little unofficial power were more likely to use formal grievance procedures to resolve disputes because they did not have the option of informal grievance resolution. However, workers with high levels of both official and unofficial power could choose from informal or formal routes, but preferred informal grievance resolution. Workers with little power—either official or unofficial—often opted to leave their jobs or learned to tolerate potential grievances, rather than address workplace disputes formally or informally.

The second part of my research, however, complicates this straightforward model. There, I explore workers at organizations with *different* power structures, but *similar* grievance behaviors. These were the workers in the homecare businesses. At each homecare business, the homecare workers had a different amount of power from workers at the other homecare sites, yet all preferred to resolve disputes informally. I explain this by examining the structure and culture of the homecare industry. Unlike the workers in the other three industries—where disputes generally involved two parties: the worker and the manager (or another worker)—disputes in homecare industries involved at least three parties: the worker, the manager (or another worker), and the client. This greatly changed the dynamics of grievance resolution, increasing the difficulty of raising formal grievances. In fact, very few workers in any of the three homecare businesses discussed formal grievance strategies. Therefore, I argue that this triangular nature of disputes in the homecare industry (i.e., worker-manager-client), as well as the industry's ethic of care, override the previously illustrated influence of power on grievance resolution.

## ORGANIZATION OF THE DISSERTATION

Many earlier studies by other researchers inform this thesis, as I mentioned previously. These are discussed in Chapter 2, in which I draw from the literatures of Sociology of Law, of Gender, and of Complex Organizations, as well as the limited research on worker cooperatives. These literatures predict substantial differences in grievance strategies between workers in cooperatives and conventional businesses, and between male and female workers.

I describe the businesses and industries that I included in this study in Chapter 3. The industries are arrayed along a gender continuum from businesses that employ mostly men in a traditionally male occupation (i.e., coal mining) to businesses that employ mostly women in a traditionally female occupation (i.e., homecare). I also included taxicab companies, which represent an industry that remains predominantly male, and wholefoods distribution, which is “gender neutral,” employing even proportions of men and women.

In Chapter 4, I discuss research methods and some of the methodological issues involved. The data were gathered primarily through open-ended interviews and some nonparticipant observations. The interviews were analyzed using NVivo qualitative data software, which allowed me to easily tally responses by interviewees to illustrate the patterns in their responses.

Chapters 5 and 6 describe and discuss my results. In contrast to the divisions predicted by the literature, I did not find the structure and ideology of the organizations to affect grievance behavior uniformly throughout the four industries. While consistent differences existed between cooperatives and conventional businesses within the various industries, these did not establish a pattern across all businesses. Gender divisions, also, were not found in the grievance behavior throughout the industries. Instead, I found that varying degrees of official and unofficial power affected workers' use of formal and informal grievance resolution within each industry.

In the final chapter, Chapter 7, I provide a summary, a brief discussion of policy implications, and suggestions for future research.

Worker cooperatives offer a unique window into the dynamics of power and dispute resolution. Their flattened hierarchies, egalitarian ideology, and shared ownership redistribute power in both predictable and surprising ways. These unique organizational characteristics provide interesting sociolegal insights into worker power and grievance behavior, and allow a qualitative inquiry into how the structure and culture of industries and workplaces affect workers' dispute resolution strategies.

## NOTES

1. Worker cooperatives still have many of the goals of conventional businesses, such as profits and efficiency.
2. In housing cooperatives, the cooperative (the organization itself, usually) owns the building and rents the housing to members (Honigsberg, P.J., B. Kamoroff et al. 1982). Many housing cooperatives, in addition to payment of rent, also require services from members, such as housekeeping, cooking, or yardwork. Consumer

cooperatives are owned by the consumers who shop at them, not by their employees. Sometimes called "member discount co-ops," consumer cooperatives provide goods at reduced prices to those who have purchased a membership (Honigsberg, P.J., B. Kamoroff et al. 1982).

## REFERENCES

- Edelman, Lauren B., Howard S. Erlanger, and John Lande. 1993. "Internal Dispute Resolution: The Transformation of Civil Rights in the Workplace." *Law and Society Review* 27: 497–534.
- Emerson, Richard M. 1962. "Power-Dependence Relations." *American Sociological Review* 27:31–40.
- Galanter, Marc. 1974. "Why the 'Haves' Come Out Ahead: Speculations on the Limits of Legal Change." *Law & Society Review* 9: 95–127.
- Grillo, Trina. 1991. "The Mediation Alternative: Process Dangers for Women." *Yale Law Journal* 100: 1545–1610.
- Gwartney-Gibbs, Patricia A., and Denise H. Lach. 1994. "Gender and Workplace Dispute Resolution: A Conceptual and Theoretical." *Law and Society Review* 28 (2): 265–296.
- Henry, Stuart. 1983. *Private Justice: Towards Integrated Theorising in the Sociology of Law*. London: Routledge & Kegan Paul.
- Hochner, Arthur, Cheryl S. Granrose, Judith Goode, Elaine Simon, and Eileen Appelbaum. 1988. *Worker Buyouts and QWL*. Kalamazoo, Michigan: W. E. Upjohn Institute for Employment Research.
- Honigsberg, Peter Jan, Bernard Kamoroff, and Jim Beatty. 1982. *We Own It: Starting and Managing Coops, Collectives, and Employee Owned Ventures*. Laytonville, California: Bell Springs Publishing.
- Kanter, Rosabeth Moss. 1982. "The Impact of Hierarchical Structures on the Work Behavior of Women and Men." In *Women and Work: Problems and Perspectives*, Rachel Kahn-Hut, Arlene Kaplan Daniels, and Richard Colvard, eds. New York: Oxford University Press.
- Kleinman, Sherryl. 1996. *Opposing Ambitions: Gender and Identity in an Alternative Organization*. Chicago, Illinois: University of Chicago Press.
- Scott, W. Richard. 1992. *Organizations: Rational, Natural and Open Systems*. Third ed. Englewood Cliffs, New Jersey: Prentice Hall.
- Tjosvold, Dean, Motohiro Morishima, and James A. Belsheim. 1999. "Complaint Handling on the Shop Floor: Cooperative Relationships and Open-Minded Strategies." *The International Journal of Conflict Management* 10 (1): 45–68.
- Tucker, James. 1999. *The Therapeutic Corporation*. New York: Oxford University Press.